

Message Text

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ACTION OPIC-06

INFO OCT-01 AF-08 ISO-00 EB-07 TRSE-00 COME-00 L-03

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FM AMEMBASSY NDJAMENA

TO SECSTATE WASHDC 3019

UNCLAS NDJAMENA 0017

E.O. 11652: N:A

TAGS: EINV, CD, US

SUBJECT: GOC REPLIES TO OPIC QUESTIONS REGARDING STATUS AMERICAN OPIC
INSURED INVESTMENT OF AGRICOLA.

1. EMBASSY RECEIVED DEC. 29 LETTER DATED DECEMBER 14 FROM
MINISTER ECONOMY, PLAN, AND TRANSPORTATION, KERIM TOGOI, REPLY
TO EMBASSY'S NOTE FORWARDING OPIC SUGGESTED QUESTIONS ON STATUS
OF AGRICOLA. COVERING MFA NOTE STATES THAT "THIS CORRESPONDENCE
CONSITUTES A REPLY TO THE AMBASSADOR'S LETTER OF NOVEMBER 14, 1976"
FRENCH TEXT BEING POUCHED. UNOFFICIAL EMBASSY TRANSLATION FOLLOWS.

2. BEGIN QUOTE: THE MINISTRY OF FOREIGN AFFAIRS AND COOPERATION
OF THE REPUBLIC OF CHAD PRESENTS ITS COMPLIMENTS TO THE EMBASSY OF
THE UNITED STATES OF AMERICA AND HAS THE HONOR TO TRANSMIT THE
ATTACHED LETTER NO 430/MEPT/DG, DATED DEC. 14, 1976 FROM THE
MINISTER OF ECONOMY, PLANS AND TRANSPORTATION TO HIS EXCELLENCY
THE AMBASSADOR OF THE USA.

THIS CORRESPONDENCE CONSITUTES A REPLY TO THE AMBASSADOR'S
LETTER DATED NOV. 24, 1976 CONCERNING THE ENGAGEMENTS OF THE
SOCIETY AGRICOLA ACCORDING TO THE "PROTOCOLE D'ACCORD" OF
JANUARY 16, 1974. THE MINISTR OF FOREIGN AFFAIRS AND
COOPERATION OF THE REPUBLIC OF CHAD AVAILS ITSELF OF THIS
OPPORTUNITY TO RENEW TO THE EMBASSY OF THE USA THE ASSURANCES
OF ITS HIGHEST CONSIDERATION. END TEXT MFA NOTE.

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BEGIN TEXT MINECON LETTER. IN EPLY TO YOUR LETTER DATED
NOVEMBER 24, 1976 CONCERNING THE QUESTIONS OF INTEREST TO
OPIC ABOUT THE PROBLEM OF AGRICOLA, I HAVE THE HONOR TO GIVE
YOU THE FOLLOWING INFORMATION:

1) AGRICOLA'S COMMITMENTS FOR THE ESTABLISHMENT OF A GUM TREE

PLANTATION AND THE CONSTRUCTION OF A RIFINERY ARE AS FOLLOWS:

-- "PROTOCOLE" 275 PR DATED MARCH 18, 1972, MERELY MENTIONED.

-- "PROTOCOLE D'ACCORD" DATED JANUARY 16, 1974: IT IS SPECIFIED THAT A SCHEDULE WILL BE SET UP FOR THE STABLISHMENT OF PLANTATIONS AND THAT THE CONSTRUCTION OF A 500 TON CAPACITY REFINERY WILL START EARLY 1975.

-- AGREEMENT OF OCTOBER 25, 1974: IT IS ONLY MENTIONED THAT A REFINERY WILL BE BUILT AS RAPIDLY AS POSSIBLE WITHIN 5 YEARS. THE TWO PRIORITY OBJECTIVE OF THE CONVENTION THEREFORE DIFFER. HOWEVER AGRICOLA MENTIONED IN A LETTER A PROGRAM OF PLANTATION ON 2,400 HECTARES IN THE YEAR 1975 OF THE 5,000 PLUS 50,000 HECTARES GRANTED. THE GOVERNMENT OF CHAD UNDERSTANDS THAT THE ESTABLISHMENT OF A GUM TREE PLANTATION TAKES PRECEDENCE OVER THE CONSTRUCTION OF THE FACTORY, EVEN THOUGH THE QUANTITIES OF GUM EXPORTED BY CHAD AT THE PRESENT TIME ARE SUFFICIENT TO JUSTIFY A 500 TON FACTORY, THE GOVERNMENT BELIEVES IT IS REASONABLE TO EXPECT THE PROGRAM OF PLANTATION WOULD BE EXPEDITED. THE ACCOMPLISHMENTN OF AGRICOLA ARE NOW THE FOLLOWING:

-- FACTORY: NIL

--PLANTATION: 640 HECTARES WERE PLANTED ON GROUND CLEARED ON THE SURFACE. HOWEVER THE STUMPS WERE NEVER UPROOTED.

-- MORE THAN ONE HALF OF THIS PLANTING WAS COMPLETED AFTER THE RAINY SEASON DUE TO THE DELAY OF AGRICOLA IN ITS WORK (CAMPAGIN 1974). THE NATRUAL VEGETATION (WHICH WAS NEVER UPROOTED) HAS GROWN UP TO THE EXTENT THAT THE LAST TECHNICIAN FROM AGRICOLA HERE IN 1976 THINKS THAT ONLY 1/4 OF THE PLANTED GUM TREES CAN SURVIVE. THE MEAGRE ACCOMPLISHMENTS ARE THE RESULT OF A LACK OF SERIOUSNESS AND CONTINUITY IN THE PROGRAM.

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2) THE QUESTION OF LAND BEING GRANTED IN ORDER TO ESTABLISH PLANTATIONS ON A LARGE SCALE BEING NEW TO CHAD, IT WAS DECIDED TO ESTABLISH A TOKEN RENT DURING THE FIRST YEARS. THEN, AFTER PRODUCTION BEGAN, A RENT PROPORTIONATE TO ITS TURNOVER WAS TO BE SET. THIS RENT, NECESSARY TO ESTABLISH A LONG TERM LEASE, WAS UNDER CONSIDERATION BY THE MINISTER OF ECONOMY AND FINANCE, AT THE TIME OF THE OVERTHROW OF THE FORMER REGIME. THIS QUESTION WAS RELEGATED TO THE BACKGROUND. IT WAS RAISED ALONG WITH THE PROPOSED REVISION OF THE AGREEMENT MADE BY AGRICOLA IN JAN. 1976, BUT NOT RESOLVED BECAUSE OF THE BREACH OF CONTRACT BY AGRICOLA.

3) ACCORDING TO THE "PROTOCOLE D'ACCORD" OF JANUARY 16, 1974, AGRICOLA COULD PROFIT BY THE "REGIHF A" OF THE "CODE DES INVESTISSEMENTS" BUT ONLY UNDER ITS ACTIVITIES LISTED IN THE SIAD CODE, I.E.:

-- INDUSTRIAL FARMING (CULTIVATION)

-- THE PROCESSING OF AGRICOLA'S PRODUCTS.

PENDING RESULTS, AGRICOLA WAS THEN SUBJECT TO THE "REGIME GENERAL" FOR ITS COMMERCIAL OPERATIONS, THAT IS TO SAY THAT AGRICOLA WAS TAXED ON ITS PROFITS. THE SALES OF GUM ARABIC BEING DONE BY AGRICOLA, ON BEHALF OF SONACOT, SONACOT KEPT THE BOOKS AND PARTICULARLY THE CALCULATION AND THE DIVISION OF THE PROFITS. FOR FY 1975, AGRICOLA DECLARED TO THE DIRECT TAXATION OFFICE A PROFIT AS CALCULATED BY SONACOT BEFORE TAXATION OF ABOUT 8 MILLION CALCULATED WHILE THE REAL PROFIT WAS 45 MILLION CFA. AT THE SAME TIME, AGRICOLA ASKED FOR A PERMISSION TO REMOVE FROM CHAD ITS PROFITS OF ABOUT 30 MILLION CFA.

FOR A NEWLY ESTABLISHED SOCIETY WITH A CAPITAL OF 10 MILLION CFA SUCH A TRANSFER CONSTITUTES AN OBVIOUS LACK OF INVESTMENT OF A NATURE TO JUSTIFY THE REVISION OF THE CONDITIONS GRANTED BY THE GOVERNMENT. IN REALITY, EXPROPRIATION OF THE COMPANY HAS NEVER BEEN CONSIDERED. THE CONDITIONS UNDER WHICH AGRICOLA

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OBTAINED ITS MERCHANDISING MONOPOLY FOR GUM ARABIC ARE NOT JUSTIFIED FROM THE MOMENT WHEN A NATIONAL SOCIETY (SONACOT) ACTED. THE CONCERN OF THE GOVERNMENT WAS TO LET FREE COMPETITION PLAY ITS PART. END TEXT OF LETTER. BRADFORD

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